



CITY OF SANTA ANA

CITY MANAGER'S OFFICE

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June 26, 1978

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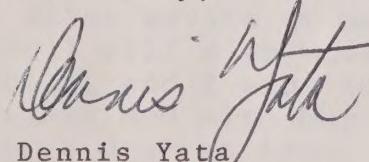
RE: IMPLEMENTATION OF PROPOSITION 13

Pursuant to your recent request, we are enclosing the following documentation relating to our Budget and proposed changes made necessary by the passage of Proposition 13:

- 1) Preliminary Annual Budgets 1978-79, 1979-80. *7 see checkung card*
- 2) Copy of Memorandum to Department Heads, dated June 14, 1978, relating to potential budget reductions.
- 3) Copy of Memorandum to the City Council, dated June 23, 1978, containing supplemental budget information.

We will be glad to forward additional information including the Final Budget adopted by the City Council, when it becomes available.

Sincerely,


Dennis Yata
Office of Budget and
Management Analysis

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Enclosures

78 04245.1

MEMORANDUMTo: All Department HeadsDate: June 14, 1978From: City ManagerSubject: POTENTIAL BUDGET REDUCTIONS

The City Council has met Monday, Tuesday, and will meet again tonight to discuss our salary and wage negotiations and the potential budget reductions required by voter approval of Proposition 13 amending the State Constitution.

Since the potential budget reductions were discussed for the first time publicly at the Council Meeting last night in the presence of press representatives and employees, I thought that each of you should be aware of the potential reductions which I presented on June 2 to the City Council. Therefore, I am enclosing a copy of this report which, since the Council has taken no official action on it yet, the distribution of the information contained herein should be limited as much as possible to prevent unnecessary rumors and concerns.

You will note that the estimated tax loss for next year is \$7,667,000 and that I have offered a variety of revenue and expenditure options to the Council totaling in excess of \$14 million, or almost twice the minimum amount estimated to be needed. Thus, the Council has a wide variety of choices to make and there undoubtedly will be many changes and refinements in the potential budget reductions before this is finalized.

However, Council is moving very swiftly on this matter due to necessity, and each of you should familiarize yourself with all of the potential cost reduction ramifications for your own programs and be prepared with short notice to attend a Council session at any time within the next two weeks. At this point, I am not certain to what extent the Council may reach agreement on these matters at this evening's meeting, but certainly they will not be able to conclude the entire budget considerations and as they continue to schedule additional meetings, I will attempt to have each of you attend the public sessions in order to respond to questions and offer advice to management. In addition, I anticipate that City Council will also move rapidly on the salaries and personnel matters now pending, and I want to keep you informed on these matters as well as possible and also may be calling some staff meetings within the next few days to discuss them. Therefore, please cancel all unnecessary travel and keep my office informed if you will be out of touch or plan to be unavailable within the next 10 days.

A handwritten signature in black ink that reads "Bruce C. Spragg". Below the signature, the initials "ms" are written.

Department Heads:

- Assistant City Manager
- Deputy City Manager
- Director of Building Safety
- City Attorney
- Community Development Director
- Clerk of the Council
- Director of Community Relations
- Equipment Maintenance Superintendent
- Director of Finance
- Fire Chief
- Library Director
- Museum Director
- Director of Personnel
- Director of Planning
- Police Chief
- Public Information Officer
- Director of Public Works
- Director of Recreation & Parks
- Redevelopment Director

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REQUEST FOR COUNCIL ACTION

PREPARED BY Bruce C. Spragg

DATE OF COUNCIL ACTION _____

DATE June 2, 1978 PHONE 4131

SUBJECT BUDGET REDUCTION OPTIONS

PRELIMINARY

APPROVED

DEPARTMENT HEAD DEPUTY CITY MANAGER

Bruce C. Spragg

CLERK OF THE COUNCIL

RECOMMENDED ACTION

Select sufficient budget adjustment measures to reduce the proposed budget for fiscal year 1978-79 by at least \$7.7 million to bring it into conformance with the state constitution, as amended by Proposition 13 (Jarvis-Gann Tax Initiative).

BACKGROUND

If Proposition 13 is approved by the voters on June 6, it will result in an estimated revenue shortfall of \$7,667,000 in the City's proposed budget for fiscal year 1978-79. This is the difference between the current estimated property tax revenues of \$12,124,000 shown in the proposed budget (page 32) and the estimated tax revenues of \$4,457,000 resulting from adoption of Proposition 13. The tax loss for 1979-80 is estimated to be \$8,100,000. These estimates were prepared initially by the Finance Director in his report to Council dated February 14, 1978 and are based heavily upon assumptions which may not remain totally accurate. Some of these basic assumptions upon which these revenue calculations are based include the following:

1. It will be determined after the election that cities qualify as "taxing districts" under the ambiguous wording of the Jarvis Amendment which now provides that property tax revenues will be available only to such districts.
2. The County will return 17.4% of such tax revenues to Santa Ana; this is the same proportion that the City's \$1.61 tax rate represented of the \$9.2518 total tax rate in fiscal year 1975-76. The amendment requires the County to distribute tax revenues to the taxing districts "apportioned according to law;" however, there is no law governing such distribution at the present time.
3. These and other unresolved questions, including possibly a challenge to the potential conflict of the amendment with the U. S. Constitution, the impact upon CETA manpower "supplantion" requirements, potential unemployment insurance costs, etc. will require at least three to six months for resolution; and
4. Eventually, possibly within six to twelve months, it is likely that the state with its \$5 billion of revenue surplus will provide some financial assistance to local governments and school districts, unfortunately probably linked to further state controls and regulations for its use.

ANALYSIS

The estimated reduction in tax revenues amounts to 63%. Placed in another perspective, this estimated loss of \$7,667,000 amounts to 19% of the proposed \$39,796,825 operating budget. Also, since each cent of tax rate will produce an estimated \$88,900 revenue for the City next year, this loss of \$7,667,000 is equivalent to a tax rate reduction of \$0.86 in addition to the five cent reduction already proposed. Thus, the City tax rate (if rates are even used again) will probably decrease from \$1.44 to \$0.53 - a decrease of 63%. Although impact mitigation of this loss could be achieved the first year largely by



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Budget Reduction Options - Cont'd.

utilizing contingency funds and possibly withholding salary increases, it is doubtful that continued revenue adjustments can be sustained after the initial year, so that substantial service reductions among basic services such as public safety, which represent almost 50% of the total operations budget, cannot be avoided for long.

Most of the operating budget is expended for salaries and wage costs. The average City job requires an expenditure of \$23,138, including budgeted fringe benefits, with public safety jobs averaging more and non-safety employees less than this overall average. Therefore, each cent of reduction in tax rate which represents revenue to the City in the amount of \$88,900, will equate to the cost of approximately 3.8 full-time positions.

In terms of tax savings to the homeowner, each cent of reduction will produce tax savings of \$1.25 to \$2.50 yearly, depending on the property value. This is equivalent to approximately one-tenth of 1% of the total yearly taxes. These tax reduction impacts are illustrated in Attachment A.

Potential alternatives for budget relief seem to be changing almost daily. The potential revenue option of increasing the City's utility user tax, which was suggested in the February staff report, has subsequently been viewed by the City Attorney as inconsistent with the provisions of Proposition 13 unless approved by the voters. The State Supreme Court, according to the news media, has just upheld the constitutionality of Oaklands so-called "employee wage tax." This could produce substantial offsetting revenues for Santa Ana, and staff will monitor this development. In addition, it now appears that the Governor and state legislators are already beginning to give serious consideration to providing financial relief for local government.

The following budget reduction options have been prepared to maximize available choices in three ways. First, by proposing a total amount of reductions exceeding that estimated to be needed. Second, by presenting a combination of both revenue adjustments and expenditure reductions. And third, by continuing the two-year budget outlook format. These options are presented in outline form only due to time constraints, and greater impact analyzes and definition of proposed reductions will be provided by staff after Council provides further guidance on their preferences among the potential budget reduction options.

Attachments

RECAP OF POTENTIAL BUDGET OPTIONS

			Fiscal Year 1978-79	Fiscal Year 1979-80
Total estimated budget revenue reduction			<u>\$7,667,000</u>	<u>\$8,100,000</u>
I. <u>POTENTIAL REVENUE ADJUSTMENTS:</u>			<i>3,075,000</i>	
1. Use contingency funds for operating expenses:				
A. Unallocated general reserves			\$1,875,000	\$ -0-
B. Reserves for salary and wage adjustments			1,200,000	-0-
2. Use federal revenue sharing funds for operations			2,700,000	2,500,000
3. Eliminate all major capital revenues:				
A. Fund 51 transfers from general fund and property tax			761,000	1,244,000
B. Use state gas tax funds for operations			1,300,000	1,300,000
4. Increase user fees and charges			438,000	450,000
Subtotal Potential Revenue Adjustments			<i>621,700</i> <i>621,700</i> <i>10,545,700</i>	<u>\$8,274,000</u> <u>\$5,494,000</u>
II. <u>POTENTIAL EXPENDITURE REDUCTIONS:</u>			<i>10,545,700</i>	<i>6,916,000</i>
	Fiscal Year 1978-79	% Reduced	Positions Reduced 1978-79	
Department	Operating Budget			
1. Police	\$13,832,000	13%	57	\$ 1,827,000 \$ 2,750,000
2. Fire	7,786,000	15%	51	1,200,000 1,800,000
3. Public Works	5,842,000	15%	22	851,000 1,300,000
4. Recr. & Parks	2,876,000	15%	11	431,000 600,000
5. Maintenance	2,227,000	18%	14	411,000 605,000
6. Library	1,569,000	17%	15	266,000 400,000
7. Building Safety	866,000	13%	5	110,000 165,000
8. Finance	792,000	14%	4	112,000 165,000
9. City Attorney	501,000	16%	1	81,000 120,000
10. Planning	449,000	12%	3	53,000 75,000
11. Personnel	376,000	11%	1	40,000 60,000
12. Museum	283,000	11%	2	30,000 45,000
13. Com. Relations	236,000	34%	3	80,000 100,000
14. All Others *	4,388,000	12%	3	533,000 1,358,000
Subtotals	\$42,023,000**	14%	192	\$ 6,025,000 \$ 9,543,000
TOTAL POTENTIAL REVENUE AND EXPENDITURE REDUCTIONS				<u>\$14,299,000</u> <u>\$15,037,000</u>

* Includes inter-departmental and management category

** Includes \$39,796,000 total operating budget and two social funds of building maintenance and equipment maintenance (\$2,227,000)

CITY OF SANTA ANA, CALIFORNIA
JARVIS CONTINGENCY PLAN - SUMMARY
PRELIMINARY OPTIONS FOR BUDGET REDUCTION

I. POTENTIAL REVENUE ADJUSTMENTS

<u>Source</u>	<u>FY 78-79</u>	<u>FY 79-80</u>	<u>Impact</u>
A. Eliminate all or part of Contingency Fund:			
1. Unallocated Proposed Reserves	\$1,875,000	-0-	Elimination of all contingency funds would provide a one-time relief of \$3,075,000. During the past four years, the Contingency Fund has averaged \$3.4 million and has provided the cash liquidity and working capital to fund a \$65 million budget including the reserve ability to provide for unexpected expenses such as the \$125,000 additional requirement of the LULAC suit plus various smaller adjustments for special narcotics fund (\$25,000), zoo improvements (\$53,225) and fire equipment (\$10,000). Elimination of the Contingency Fund in 1978-79 will deplete working capital and reserves to the point where a zero amount would be anticipated for 1979-80.
2. Funds for Salary & Wage Adjustments	1,200,000	-0-	This is a negotiable item under the Meyers-Milius-Brown Act of 1968 which requires the City to meet and confer in good faith on matters relating to wages, hours and working conditions. Elimination of these funds raises the question of equity and the relationship of the Santa Ana work-force to comparable positions in other cities and the possibility of dislocations and movement out of service in those instances of equity deficiencies.
B. Use All General Revenue Sharing Funds For Operations (Ref. budget pages 12 through 15)	2,700,000	2,500,000	Eliminates the following projects proposed for FY 1978-79: construction of existing sewer needs from 1964 Master Plan (\$405,000), local street maintenance backlog (\$250,000), balance needed for construction of Phase II - Fire Station #4 (\$220,000), street improvements for Centennial Park (\$210,000), 4 traffic signal installations (\$160,000), 5 left-turn signals (\$150,000), computerized traffic control system (\$150,000), design work for sewers (\$150,000), Museum Expansion Program (\$150,000), sidewalk replacement (\$100,000), study to update sewer master plan (\$100,000), Fire Dept. automated record system improvements (\$100,000), stadium repairs (\$80,000), reconstruction of Edgewood, Main to Santiago (\$75,000), design S-1 storm drain (\$60,000), median restoration (\$200,000), Santiago Park lighting (\$50,000), Center Park improvements (\$30,000), temporary sidewalk repairs (\$30,000), replacement of police communication recording equipment (\$22,610) social needs assessment study (\$10,000).
			Eliminates the following projects proposed for FY 1979-80: sewer construction (\$600,000), street maintenance backlog (\$300,000), El Salvador Park

SourceFY 78-79 FY 79-80

Plan under the cost of services
... will source our cost of service

Impact

C. Eliminate All Major Capital Expenditures

1. Capital Fund 51-From General Fund and Property Tax \$ 761,000 \$1,244,000

gymnasium (\$200,000), 4 traffic signal installations (\$180,000), 5 left turn signals (\$165,000), median restoration (\$200,000), continued Museum expansion (\$150,000), expansion of police computer capacity (\$109,000), sidewalk replacement (\$100,000), Fire Dept. automated record system improvements (\$100,000), stadium repairs (\$80,000), Alona Park lighting improvements (\$80,000), Santiago Day Camp improvements (\$70,000), computerized traffic control system, Rosita Park lighting (\$30,000), automated fuel dispensing system (\$30,000), mobile crime lab (\$16,000), Edna Park improvements (\$15,000).

2. Use State Gas Tax Funds for Operations 1,300,000 1,300,000

The elimination of all major capital expenditures for 1978-79, 1979-80 including construction of Fire Station #4 (\$220,000), Fire Dept. machinery & equip. purchases (\$594,720), Police Dept. machinery & equip. purchases (\$241,970), curb & sidewalk improvements (\$200,000), traffic signal improvements (\$276,000), Bowers Museum improvements (\$38,000), Rec. & Pks Tree Maint. machinery & equip. (\$34,025), Corp. Yard improvements (\$50,000).

D. Increase User Fees and Charges

1. Business License Tax-10%	\$81,000	438,000	450,000
2. Paramedic Service Charge-100%	85,000		
3. Bldg., Plumbing, Electrical & Heating Permits-10%	82,000		
4. Sanitation Charge-20%	70,000		
5. Dog Licenses-100%	70,000		
6. Others-10%	50,000		

Eliminates all Select Street System projects including: the Broadway Overpass (\$600,000), which includes \$600,000 in matching funds from County AHFP that has been allocated to this project for 1978-79 and will be deleted from the AHFP program by the County if the project is not funded by the City. Main St. - Buffalo Ave. to Edgewood Rd. (\$122,000). This amount represents the City's matching share of 17% for the Main St. project. The 83% balance of project cost comes from the federally funded FAU programs which will not become available without City participation. Raitt St. - 620' south of MacArthur (\$18,000), Euclid Ave. - 1st St. to 17th St. (\$300,000).

SUBTOTAL REVENUE ADJUSTMENTS

\$8,274,000 \$5,494,000

The Business License Tax, with the increase should produce \$891,000 in revenues against an operating cost of \$25,500.

The increase in Paramedic service charges will provide a total revenue of \$170,000 against a 1978-79 operating cost of \$559,585.

The increase in bldg., plumbing, electrical, & heating permits will produce \$820,000 in total revenues against a 1978-79 operating cost of \$866,460.

The increased sanitation charge will produce \$420,000 in revenues against an operating cost of \$507,710.

The increase in dog license fees will produce \$140,000 in revenues against an operating cost for 1978-79 of \$141,195.

These increases help to balance the cost of service to actual receipts on items such as street construction permits, trailer coach license fees, bicycle licenses, sale of maps and documents, library fines and charges, Planning Department fees and charges, Police Department fees for fingerprinting and accident reports, Public Works Department fees for plan checks, Recreation & Parks Department fees and charges for teams, classes, tennis court reservations, zoo admissions, etc.

SUMMARY DETAIL OF POTENTIAL EXPENDITURE REDUCTIONS

	Fiscal Year 1978-79	\$ (000)	Fiscal Year 1979-80	Cumulative \$ (000)	Cumulative Positions
I. Police Department: Total cut 13% of operating budget (Note: Impact descriptions in Attachment B)		1,827	57	2,750	85
1. <u>Field Operations Division</u> - In Patrol, eliminate 2 Lieutenants, 3 Sergeants, 24 Officers; total 29 positions (\$900,600). In Traffic Section, eliminate 1 Sergeant, 5 Motor Officers; total 6 positions (\$188,000). In Animal Control Section, eliminate 2 Animal Control Officers (\$37,400); subtotal Field Operations Division: 37 positions (\$1,126,000)					
2. <u>Investigations Division</u> - Eliminate 1 Lieutenant, 1 Sergeant, 12 Police Officers Assigned, plus 8 vehicles and 4 leased vehicles, reduce overtime; subtotal Investigations Division: 14 positions (\$523,300)					
3. <u>Administration Division</u> - Eliminate 3 Police Officers Assigned (\$107,000)					
4. <u>Technical Services Division</u> - Eliminate 1 Programmer Analyst, 1 Police Officer Assigned, 1 Emergency services Dispatcher. Subtotal Technical Services Division: 3 positions (\$71,100)					
II. Fire Department: Total operating budget cut of 15% Manning levels will be reduced from 4 to 3 members on 6 engine companies (#2, 4, 7, 8, 9 & 10), Medic 3 will be converted to a paramedic engine company, and the van will be placed out of service, administrative leadership and training capability will be reduced, service levels in public education, fire prevention, and fire investigation will be reduced, and the ability to maintain records and produce reports will be reduced. Although no fire stations will be closed permanently under the new minimum manning levels, it may be necessary to close one or more stations temporarily whenever absences and vacancies reduce the minimum manning levels below an operable level. There will also be 13 demotions and some transfers to achieve these savings. By budget activities, the proposed reductions will include:		1,200	51	1,800	75
1. <u>Administration</u> - Eliminate 1 Photo Lab Technician and 1 Assistant Chief position					
2. <u>Prevention and Suppression</u> - Eliminate 1 Battalion Chief, 1 Captain, 2 Fire Engineers, and 33 Fire-fighter II; subtotal: 37 positions					
3. <u>Safety</u> : Eliminate 3 Fire Investigator I, 3 Fire Safety Specialists I, and 1 Typist Clerk II; subtotal 7 positions					
4. <u>Communications and Maintenance</u> : Eliminate 1 Driver Clerk and 2 Laborer I					
5. <u>Training</u> - Eliminate 1 Battalion Chief and 1 Fire Engineer					

	Fiscal Year 1978-79	\$ (000)	Cumulative Fiscal Year 1979-80	\$ (000)
	Positions		Positions	
<u>III. Public Works:</u> Total cut 15% of operating budget	867	22	1,300	33
1. <u>Administration & Engineering</u> - Due to reduction in capital program workload, eliminate 1 Clerk Typist II, 1 Chief of Party, 1 Rodman, 2 Draftsmen, 1 Real Property Agent, 2 Construction Inspectors, 1 Associate Engineer, 1 Assistant Engineer, 1 Engineering Draftsman; reduction in telephones; subtotal Administration & Engineering: 11 positions (\$258,285)				
2. <u>Street Cleaning</u> - Reduce street sweeping program by approximately 50% including reduction in residential cleaning from twice monthly to once monthly; eliminate 3 motor sweeper operators (\$110,000)				
3. <u>Weed Control</u> - Discontinue City cleaning & provide minimum program of notice to violators and require property owner to clean (gross savings \$66,000 less cleaning reimbursement of \$25,000 = \$41,000 net savings)				
4. <u>Select and Local Street Maintenance</u> - Eliminate all of fog and slurry sealing program and 75% of resurfacing program; eliminate 2 Laborer II positions (\$328,000)				
5. <u>Curbs & Sidewalk Maintenance</u> - Substitute asphalt for concrete repairs to sidewalks; eliminate 2 Concrete Finishers, 1 Laborer II, and 1 Laborer I; subtotal 4 positions (\$100,000)				
6. <u>Traffic Painting and Signs</u> : Discontinue regular curb painting and all street markings and legends except on emergency; eliminate 1 Street Painter and 1 Laborer II positions (\$30,000)				
<u>IV. Recreation & Parks:</u> Total cut 15% of operating budget	431	11	600	16
1. <u>Park Maintenance and Staffing</u> - Close down 14 park areas throughout City totaling 77 acres and provide only minimal maintenance (mowing and debris removal six times/year) and eliminate all recreation staffing; eliminate 1 Maintenance Leadman, 1 Maintenance Man, 1 Power Mower Operator, 3 Truck Drivers, and 4 Grounds Maintenance Man I position; subtotal 10 positions (\$240,000)				
2. <u>Leisure Services Division</u> - Eliminate half of all part-time recreation services including closing all 6 swimming pools, reducing programs at all recreation centers, make tennis and youth league services self-supporting by raising fees or discontinue staff services, close Cypress Center, eliminate all subsidized field trips, etc., eliminate 42 part-time positions equivalent to 16 full-time jobs (\$150,000)				
3. <u>Administration</u> - Eliminate 1 Landscape Technician position and contract for services, reduce part-time administrative support (\$41,000)				

		Fiscal Year 1978-79	\$ (000)	Cumulative Fiscal Year 1979-80	\$ (000)
		Positions		Positions	
V.	<u>Maintenance Services:</u> Total cut 18% of operating budget	411	14	605	21
1.	<u>Building Maintenance</u> - Reduce building heat and cooling, cut building cleaning by 50%; eliminate 4 Custodian I, 5 Custodian II; subtotal 9 positions (\$220,000)				
2.	<u>Equipment Maintenance</u> - Workload reduced; eliminate 1 Sr. Equipment Mechanic, 4 Equipment Servicement II, parts/materials reduced; subtotal 5 positions (\$191,000)				
VI.	<u>Library:</u> Total cut 17% of operating budget	266	15	400	22
1.	Reduce total library hours by almost 50% from 174 to 89 per week, (over) eliminate 3 Library Assistants, 5 Pages, 3 Typist Clerk I, 1 Librarian II, and 1 Library Clerk I; subtotal 13 positions eliminate (\$219,000)				
2.	Discontinue film service (\$17,000) 1 Library Assistant				
3.	Discontinue bookmobile service (\$30,000) 1 Driver-Clerk				
VII.	<u>Building Safety:</u> Total cut 13% of operating budget	110	5	165	7
1.	Reduce counter service and inspection levels; eliminate 3 Building Inspectors, 1 Electrical Inspector and 1 Plumbing and Heating Inspector; subtotal 5 positions (\$110,000)				
VIII.	<u>Finance</u> - Total cut 14% of operating budget	112	4	165	6
1.	Reduce computer services to operating departments and management information systems; eliminate 1 Data Entry Clerk, 1 Assistant Programmer, 1 Accountant, and 1 Buyer; subtotal 4 positions (\$112,000)				
IX.	<u>City Attorney:</u> Cut operating budget a total of 16%	81	1	120	2
1.	Eliminate special outside counsel for anti-pornography lawsuit (\$50,000)				
2.	Eliminate vacant Deputy City Attorney II position (\$31,250)				
X.	<u>Planning:</u> Cut operating budget total of 12%	53	3	75	5
1.	Eliminate 2 Planning Technicians, 1 Engineering Aide; subtotal 3 positions (\$53,000)				
XI.	<u>Personnel:</u> Cut operations budget total of 11%	40	1	60	2
1.	Eliminate 1 Personnel Analyst (\$25,000) and reduce processing costs for new employees (\$15,000)				
XII.	<u>Museum:</u> Cut operating budget total of 11%	30	2	45	3
1.	Eliminate clerical help and use volunteers or CETA; 1 Steno Clerk I and 1 vacant Curator (\$30,000)				
XIII.	<u>Community Relations:</u> Cut operating budget total of 34%	80	3	100	3
1.	Close down Corbin, West and East Community Centers (continue Senior Citizens Center); eliminate 3 Coordinator Neighborhood Center positions (\$80,000)				

	Fiscal Year 1978-79	Cumulative Fiscal Year 1979-80
	\$ (000) Positions	\$ (000) Positions

XIV. INTER-DEPARTMENTAL AND MANAGEMENT:

1. Eliminate funds in Account #221 as follows and require approval on an individual basis:	\$ 532	3	\$ 1,357	3
Training and transportation	\$144,200			
Meals	48,100			
Voluntary individual memberships & professional fees	5,500			
27 auto allowances @ \$125/mo	40,000			
Parking allowances	12,000			
2. Negotiate reductions in employee fringe benefits by decreasing City's share of health insurance costs from 90% to 80%	150	0	175	0
3. Eliminate Deputy City Manager-Admin. position and Steno Clerk I position and reassign responsibilities (p. 68-69)	61	2	64	2
4. Eliminate Director of Building Safety position and Housing Admin. and reassign responsibilities (p. 104-105)	37	1	40	1
5. Eliminate pay for all 38 part-time appointees of boards and commissions	15	0	15	0
6. Eliminate funds for proposed position of Secretary for the Assistant City Manager (p. 66-67)	14	0	14	0
7. Discontinue subsidy of S.A. Junior Chamber of Commerce for annual parade (p. 62)	2	0	2	0
8. Form separate tax district for all street lights on local streets - estimate formation time 12 months (p. 116-117)	---	0	794	0

CITY OF SANTA ANA

Results of Potential Tax Rate Reductions

FY 1977-78	<u>Tax Rates</u>	<u>% of Total</u>	Taxes On:		
			<u>\$50,000 Property</u>	<u>\$75,000 Property</u>	<u>\$100,000 Property</u>
County	\$1.33	15%	\$ 166	\$ 249	\$ 333
Schools	4.99	58%	624	936	1,247
Special Districts	0.91	10%	114	171	228
City	<u>1.44</u>	<u>17%</u>	<u>180</u>	<u>170</u>	<u>360</u>
TOTALS	<u>\$8.67</u>	<u>100%</u>	<u>\$1,084</u>	<u>\$1,626</u>	<u>\$2,168</u>

One cent reduction on City rate cuts City revenues for FY 1978-79 by \$88,900 and total tax rate by 0.1%; and saves \$1.25 (0.1%) \$1.87 (0.1%) \$2.50 (0.1%)

	<u>Average Cost</u>	<u># Jobs Eliminated Per 1¢ Tax Cut</u>
Public Safety	\$28,642	3.1
Miscellaneous	<u>18,454</u>	<u>4.8</u>
Total	<u>\$23,138</u>	<u>3.8</u>

Of Orange County's 26 cities in FY 1977-78, 22 had higher total tax rates than Santa Ana.

Of the 50 largest cities in California in FY 1977-78, 47 had higher total tax rates than Santa Ana.

MEMORANDUM

To: Mr. Bruce Spragg
City Manager
From: Chief Davis



Date: June 1, 1978

Subject: SERVICE IMPACTS NECESSARY TO ABSORB A 1 % FUNDING REDUCTION IN THE
1978-79 BUDGET

POLICE DEPARTMENT

BUDGET REDUCTION: \$1,827,400

Employee Years Reduced: 57 (Sworn 53
Nonsworn 4)

Field Operations Division: \$1,126,000 Employee cuts: 37 (Sworn 35
(Recommended reduction in descending order of magnitude) Nonsworn 2)

1.	Patrol Section - Eliminate 2 Station Commanders (Lts.)	(86,600)
	Eliminate 3 of 26 Sgts. (D Step)	(98,000)
	Eliminate 24 of 161 Officers (D Step)	(662,000)
	Eliminate reclassification of one police officer position to Deputy Chief	(17,000)
	Cut overtime allowance	(37,000)
	Subtotal	<u>\$900,600</u>
2.	Traffic Section - Eliminate 1 of 2 Sgts (Sr. Sgt. II)	(\$37,000)
	Eliminate 5 of 16 Motor Officers, (E Step)	(151,000)
	Subtotal	<u>\$188,000</u>
3.	Animal Control - Eliminate 2 of 3 Assistant Animal Control Officers	(\$37,400)
	Total Field Operations Reductions	<u>(\$1,126,000)</u>

Summary:

These cuts would result in the following:

Termination of 37 employees (35 Sworn, 2 Nonsworn)
Reduction in rank for 5 employees
Severe reduction in effectiveness of the C.O.P. Program
Increased response time
Require citizens to come into the Station to file late reports
Loss of some of our current community support
Reduction in effectiveness of traffic operations
Rise in accident and fatality figures
Loss of revenue
Reduction in effectiveness of Animal Control operations
The overall reduction in the feeling of security throughout the community and a corresponding rise in the attitude that there is a greater chance of success of criminal ventures will be the result of these cuts.

Investigation Division: \$523,300 Employee cuts: 14 (14 Sworn)

To realize a \$523,300 in the Investigations Division overall budget required cuts as follows:

1. Eliminate: 1 Lieutenant	\$43,300
2. Eliminate: 1 Sergeant (E Step)	37,000
3. Eliminate: 12 Police Officers assigned (E Step)	363,000
4. Eliminate use of 8 vehicles @ \$180 Mo.	17,000
5. Training budget cut	4,400
6. Overtime budget cut	49,000
7. Eliminate 4 leased vehicles @\$200 Mo.	9,600
Total	\$523,300

(Recommended reductions in descending order of magnitude)

1. Elimination of check investigations on misdemeanor NSF and account closed checks.
2. Elimination of followup investigations on patrol arrests which would increase the refusal rate of criminal complaints at the District Attorney's Office.
3. Reduction in numbers of investigations conducted and time periods necessary when conducting investigations concerning licensing and permits for explosives, tear gas, security guards, secondhand dealers, pawnshops, massage parlors, bingo, pool halls, ABC, adult book stores, peep shows, modeling studios, etc.
4. Sharp reduction in all misdemeanor investigations unless suspect is known.

Administration: \$107,000 Employee cuts: 3 (All sworn)

1. Eliminate 3 sworn police officers (D Assigned)	87,000
2. Eliminate reclassification of one sworn police officer to deputy chief (Expense over police officer assigned salary)	20,000
TOTAL	\$107,000

(Recommended reductions in descending order of magnitude)

1. Reduction of all Crime Prevention functions which includes vacation house checks, residential and business security inspections. Efforts will be made to use Reserve Officers more in this area.
2. Severe reduction in all Police Community Relations functions which includes race relations efforts, press/media relations, school programs, and rumor control functions.
3. Severely reduce all dance permit and other miscellaneous investigations.

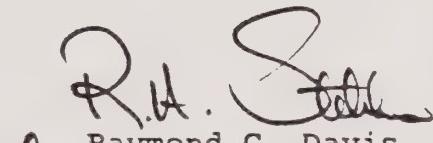
Technical Services: \$71,100 Employee cuts: 3 (1 Sworn
 2 Nonsworn)

1. Eliminate 1 Programmer Analyst (Activity 338)	\$ 24,400
2. Eliminate 1 Emergency Services Dispatcher (Activity 343)	17,700
3. Eliminate 1 Police Officer Assigned (Activity 343)	<u>29,000</u>
TOTAL	\$ 71,100

(Recommended reduction in descending order of magnitude)

1. Eliminate (1) Research and Planning Officer - the result being virtually all research and planning functions would cease.
2. Eliminate (1) Programmer Analyst position - the result being that the Computer Aid Dispatch Program would not proceed as fast as desired, but the program could continue.
3. Eliminate (1) Emergency Dispatch Position - the result would be that a sworn officer would have to be used to fill the required manned position.

Special Note: One of the major concerns with these suggested budget cuts is the almost total elimination of all the progress we have made to date in the sworn ranks in the area of minority officer recruitment.


for Raymond C. Davis
Chief of Police

RHS:mw

RECREATION & PARKS DEPARTMENT POTENTIAL BUDGET REDUCTIONS

Scope of Reductions

1. We will close 14 parks and sites, providing no recreation programming, and maintenance approximately six times per year for health and safety purposes. The names and acreage of the parks/sites are as follows:
 - a. Campesino - 6 acres
 - b. Center - 10 acres
 - c. Edna - 2 acres
 - d. Figueroa - .3 acres
 - e. Flower - 2 acres
 - f. Friendship - .1 acre
 - g. Grant - 10 acres
 - h. Jackson - 1 acre
 - i. La Bonita - 5 acres
 - j. Mabury - 6 acres
 - k. MacArthur - 11 acres
 - l. Morrison - 5 acres
 - m. Portola - 10 acres
 - n. Santiago Day Camp - 9 acres

Total Closed Park Acreage	77.4 Acres
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2. We will close all six swimming pools effective July 1, 1978. The pools are El Salvador, Jerome, Memorial, Rosita, Santa Ana College, and SANTA Anita. An alternative would be to raise fees to make this activity self-supporting, but this does not appear feasible.
3. All tennis instruction will be eliminated.
4. Routine tree pruning schedule will slow down, with an emphasis shift to emergency and high priority work. There will be tree replacements for removed trees.
5. No new development will occur at the following locations:
 - a. Bear Street Bikeway
 - b. Centennial Park
 - c. La Bonita Park
 - d. Newhope Library Landscaping
 - e. Russell Bikeway
 - f. Santiago Day Camp/Archery Range
 - g. South Park Site No. 4, etc.
6. All remaining open parks will have regular maintenance and security lighting (where available) until September 30, 1978. Effective October 1, 1978, all maintained parks will close at dusk.
7. Recreation program delivery at El Salvador Center, Jerome Center, Logan Center, Memorial Center, and Santa Anita Center will be reduced to one-half of existing part-time support level. After school, summer programs, and day camp activities in the recreation districts will also be reduced, and the Cypress Adult Center will be closed.
8. Ball diamonds will not be maintained at closed parks.
9. The lawn bowling greens maintenance will be passed on to club members, or be abandoned.
10. All youth leagues will be billed for all staff assistance (sports officials).
11. Cultural programs such as the Therapeutic Recreation Program and financial support for the summer musical production at Santa Ana College will be eliminated unless alternate funds can be found or they can become self-supporting.
12. Tennis court wage fees will be raised to cover the costs of operation, including lights; if this activity does not remain self-supporting, staff support will be eliminated.
13. Elimination of all departmental support/labor now provided to T.L.C. services (except space and equipment will be available).
14. Elimination of all field trips, except those paid for totally by participants, including transportation costs.
15. All landscape design and management duties for capital improvements will be eliminated or provided by other departments, or through contracted services.

ATTACHMENT C

MEMORANDUM



To: City Manager

Date: June 2, 1978

From: Executive Director, Redevelopment Agency

Subject: IMPACT OF JARVIS

You requested information regarding the Agency's activities in the event Jarvis passes. It is difficult to give you accurate projections since little is known as to how the Jarvis Amendment will be administered. I am assuming for purposes of this memorandum, that the Agency would suffer a proportionate share of the loss. In the event that the Jarvis Amendment is administered unequally, then at this time I have no way of informing you what that impact will be until it is determined by the Legislature or the Courts.

Following is a table which shows the increased assessed value in the Project Area. As you can see, we receive a great deal of our money from the unsecured and utility rolls, which at the present time are not affected by the Jarvis Amendment. Our secured rolls have only increased \$3.7 million since our base year. Since the Jarvis Amendment is retroactive back to 1975, we would have to go back to the assessor's records for the Project Area and reconstruct to give you an accurate picture. Based on our sharing a proportionate share of the tax loss, we estimate that our overall reduction of income would fall from our current \$1.2 million to approximately \$600,000 or the reduction of 50 percent. In anticipation of this, Staff has already taken the following measures to protect the bond:

We have set aside \$1.1 million plus interest with our paying agent as our contingency fund out of the bond proceeds;

We have also taken income we would receive prior to the sale of the bond of approximately \$860,000 and have that deposited with the Director of Finance to protect ourselves. This money can be used to make up the difference between the fund we will receive, estimated at \$600,000 and the bond repayment of approximately \$1.2 million annual.

You can see by this that it is conceivable that we can go up to four years before we have any major fiscal problems. Three things should occur within this time period:

1. Redevelopment agencies will share in the taxes that will undoubtedly will be substituted for property taxes;
2. Assessed values will increase due to development currently underway or that which is proposed;
3. Further, we budgeted in the existing bond sale \$4.5 million for the expansion of Fashion Square. If this expansion does not proceed, an additional sum of money can be taken from this project and be set aside for the contingencies.

ATTACHMENT D

As a last resort, the Agency can make the decision to give back the money it has borrowed, less what we have already expended, provided the bond buyer will want the money back. Conversations that we have had with the bond buyer suggest that they would prefer to keep their investment as long as the Agency would go on record that the bond payment would be made.

I realize this is a very sketchy financial plan I am presenting here, but to do the search of the assessor records and to compute it out accurately would take several weeks and we would still only be an accurate estimate until we get some guidance and direction from the State as to how the remaining tax dollar would be apportioned.

In closing, may I say that Santa Ana would seem to need more redevelopment activities and not less in order to get higher tax producing projects on the tax rolls and eliminate those substandard structures that currently do not generate much income to this community. It would not, in my opinion, be good community planning if the Agency were forced to give back the proceeds of the recent bond sale.


Richard E. Goblirsch

REG/jl

Attachment

cc: BAMA ✓

ATTACHMENT D

Table 1
**History of Project Assessed Valuations—
1972/73 to 1977/78**
**1972/73—1977/78 Assessed Valuation
by Class of Property**

Fiscal Year	Assessed Valuation①		
	Base Year②	Current Year	Increase
1974/75 ..	\$21,498,890	\$28,605,115	\$ 7,106,225
1975/76 ..	21,342,823	26,434,465	5,091,642
1976/77 ..	40,988,134	48,000,580	7,012,446
1977/78 ..	40,930,684	54,170,300	13,239,616

**1972/73—1977/78 Assessed Valuation
by Assessment Roll**

Roll	1972/73		
	(Base Year)②	1977/78	Increase
Secured ..	\$28,661,828	\$32,384,730	\$ 3,722,902
Utility	5,968,780	8,755,370	2,786,590
Unsecured.	6,300,076	13,030,200	6,730,124
Total ..	\$40,930,684	\$54,170,300	\$13,239,616

Property Class	1972/73 (Base Year)②	1977/78	Increase
Land	\$11,762,510	\$13,382,060	\$ 1,619,550
Improvements ...	21,632,100	32,303,010	10,670,910
Personal Property ..	5,505,331	6,880,610	1,375,279
Business Inventory ..	2,774,120	3,625,960	851,840
Less: exemptions ..	(743,377)	(2,021,340)	(1,277,963)
Total ..	\$40,930,684	\$54,170,300	\$13,239,616

① All rolls.

② 1972/73 Base year for original area; 1975/76 Base year for amended area. Values first combined to include entire Project area in 1976/77.

Source: Orange County Auditor-Controller.

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